

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are unchanged: Grade AA is \$1.6000; Grade A, \$1.4950; and Grade B, \$1.4950. Also at the CME, barrel cheese prices decreased 1/2 cent to \$1.3000 and 40# blocks increased 3/4 of a cent to \$1.4325.

According to NASS, U.S. cold storage holdings of butter on October 31, 1997 totaled 26.4 million pounds, up 28.7% from a year ago, but 39.8% lower than September 1997. Natural American cheese holdings total 399.3 million pounds, up 5.2% from last October but 5.3% less than a month ago. Nonfat dry milk holdings at the end of September total 142 million pounds, nearly three times as much as a year ago, but 12.3% less than a month ago.

According to the ERS report "Livestock, Dairy, and Poultry Monthly," third-quarter commercial use of dairy products posted a sizable rise from a year earlier. Cheese sales grew 4% during July-September. However, summer 1996 use was a little soft, and the 1997 performance to date has been somewhat checkered. Third-quarter butter sales rose about 3% but fell considerably short of making up for first-half declines. Higher butter prices have made retail specials less attractive and may have cut into food processor use. Nonfat dry milk use also was higher than a year ago but remained at weaker levels than during most recent years. Fluid milk sales were near a year earlier. Total 1997 commercial use is projected to be up more than 1% on a milkfat basis, but may only be barely higher on a skim solids basis.

According to ERS and AMS, commercial disappearance of dairy products during the first nine months of 1997 totals 117.4 billion pounds, 1.3% more than the comparable period in 1996. Comparing disappearance levels with a year ago: butter, fluid milk products, and NDM are down; American and other cheese increased.

Milk production continues to increase in the Southern states and is steady to slightly higher in the North Central and Northeastern regions. In the Mountain States, milk output is decreasing along seasonal patterns. Demand for bottled milk was up early in the week, but slowed after Thanksgiving orders had been filled. Manufacturing schedules are lighter than normal and contacts expect little or no trouble handling any extra milk over the long, holiday weekend.

The dry, dairy product markets are unchanged. During this holiday week, most markets were steady with limited activity. However, dry whey prices continue to increase fractionally and the market tone is firm. Producers are trying to get caught up with orders and few have any whey powder to offer for spot sale. Nonfat dry milk prices are steady and demand is slow to fair. Plant inventories are occasionally lighter as NDM production often lagged sales at some plants. Other plants have more than ample stocks to clear.

During the week of November 24 - 25, CCC did not purchase any dairy products under the price support system.

****SPECIAL THIS ISSUE****

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BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	NOVEMBER 25	NOVEMBER 26	NOVEMBER 28
AA	\$1.6000 - 1.6100	\$1.6000 - 1.6100	N.A.
A	\$1.4950 - 1.5050	\$1.4950 - 1.5050	N.A.

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are unchanged. Butter markets remain unsettled. Stocks of bulk and print butter remain in close balance to short of full needs. Churning schedules are fair. Although stocks are limited, some producers are finding it more financially advantageous to sell the cream versus churn at this time. Overall buying interest during the week is slower due to the Thanksgiving holiday.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	NOVEMBER 24 - 28, 1997
BARRELS*	\$1.3050 - 1.3250 (NOMINAL) (-.0225) (-.0225)
40# BLOCKS	\$1.4500 - 1.4600 (NOMINAL) (.0150) (.0150)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is firm on blocks, weak on barrels. At the CME, in heavy trading, 40# blocks increased 3/4 of a cent to \$1.4325 and barrels decreased 1/2 cent to \$1.3000. Natural supplies remain in the tightest position with barrel holdings tight to adequate. Manufacturing schedules remain seasonally light through much of the country, at least east of the Rockies. Many plant operators are hoping for some extra milk to be available over the holiday weekend.

CHICAGO MERCANTILE EXCHANGE**BUTTER TRANSACTIONS ON WEDNESDAY, NOVEMBER 26, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.6000 : BID 11/21/97
A	N.C.	\$1.4950 : BID 11/14/97
B	N.C.	\$1.4950 : BID 11/14/97

SALES: NONE

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2000

OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6500

CHEESE TRANSACTIONS ON WEDNESDAY, NOVEMBER 26, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0050	\$1.3000 : 11/26/97
40# BLOCKS	+.0075	\$1.4325 : 11/26/97

Trading activity was not available at press time. It will be published in next week's report.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--JULY-SEPTEMBER 1997 AND YEAR-TO-DATE 1996-97 1/

Item	Jul.-Sep. 1996	Percent change 4/	Jul.-Sep. 1997	Percent change 4/	Jan.-Sep. 1996	Percent change 4/	Jan.-Sep. 1997	Percent change 4/
	Million Pounds							
<u>MILK</u>								
Production	37,675	-1.5	38,917	3.3	116,366	-1.5	118,487	2.2
Marketings	37,301	-1.4	38,570	3.4	115,251	-1.4	117,457	2.3
Beginning Commercial Stocks 2/	5,566	1.3	6,779	21.8	4,099	-3.8	4,704	14.8
Imports 2/	837	17.1	662	-20.9	1,907	-4.9	1,814	-4.9
Total Supply 3/	43,704	-0.8	46,011	5.3	121,257	-1.6	123,975	2.6
Ending Commercial Stocks 2/	4,936	8.3	5,817	17.8	4,936	8.3	5,817	17.8
Net Removals 2/	19	-92.2	385	1,926.3	68	-96.7	769	1,030.9
Commercial Disappearance 3/	38,749	-1.2	39,809	2.7	116,253	-0.3	117,389	1.3
<u>SELECTED PRODUCTS 5/</u>								
Butter	237.5	-7.0	237.3	-0.1	868.4	-1.6	820.2	-5.1
American Cheese	815.6	2.8	849.8	4.2	2,418.3	2.6	2,462.9	2.2
Other Cheese	1,083.4	6.0	1,126.4	4.0	3,098.1	2.7	3,198.3	3.6
Nonfat Dry Milk	220.8	-14.2	229.2	3.8	798.8	12.9	691.9	-13.1
Fluid Milk Products 6/	13,732.7	1.2	13,752.3	0.1	41,587.5	1.0	41,364.7	-0.2

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are unchanged, but the market tone is still unsettled. Prices are very high and having some impact on retail prices and feature activity. Butter production is light to moderate, but expected to increase slightly during Thanksgiving week when more surplus milk is available to butter/powder plants. Stocks of print butter are closely balanced with needs and distributors are busy filling last minute orders. Most are very busy early this week. Some will be down from Thanksgiving to Monday; others will reopen on Friday. Retail sales are fair to occasionally good. Food service orders are fair to good as restaurants prepare for their busiest period of the year - Christmas shopping.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.8100-2.0575
1 LB. PRINTS	:	1.7250-1.9075
CHIPS/PATTIES	:	1.7875-1.9675
REDDIES	:	1.8625-2.0575
CONTINENTALS	:	1.9425-2.1175

CENTRAL

Print butter prices are unchanged, although the market tone remains unsettled. Churning schedules are active, but cream supplies are not that readily available to local churns. Competition for available cream supplies is very aggressive. Holiday cream based product production is absorbing a substantial portion of available cream. In instances, although butter stocks are tight and printers would like to churn, the financial return of selling the cream is more advantageous. Some last minute butter orders are being placed and shipped if available. Other than late orders, overall buying interest has eased until buyers can assess post Thanksgiving inventories.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.7000-2.1075
1 LB. PRINTS	:	1.6650-1.8275
CHIPS/PATTIES	:	1.6900-1.9000
REDDIES	:	1.7750-2.0100
CONTINENTALS	:	1.9300-2.1200

WEST

Western print butter prices are holding steady. Production remains light and shipments are strong. Many contacts are expecting output to increase somewhat over the holiday weekend. Bulk and print orders are both rated good for this season. High prices have cut into the feature activity normal for this time of year, but shipments are still rated as good. The real accounting will take place when reorders start to come in prior to the end of the year holidays. Cream demand is mixed with orders being rated both good and slower. Demand from cream cheese manufacturers has slowed and won't pick up again for a couple of weeks. Trucks/rail are both causing transportation concerns for many contacts.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.8825-1.9300
1 LB. PRINTS	:	1.8125-1.8725
PATTIES	:	1.8550-2.0200
REDDIES	:	1.9800-1.9975

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.5975-1.6375
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
11/24/97	5,748	104,203
11/01/97	12,578	109,419
CHANGE	-6,830	-5,216
% CHANGE	-54	-5

CHEESE MARKETS

NORTHEAST

Process cheese prices are often 2 1/4 cents lower, but prices for most natural items increased 1 1/2 cents. The market tone is mixed. Demand for most items is showing signs of improvement as the holidays approach. Retail sales for this week's Thanksgiving holiday were fair to good. Food service orders have been heavier as fast food outlets and other restaurants prepare for the traditional beginning of the Christmas shopping season. Cheese production in the Northeast is steady to slightly heavier as more surplus milk is available this week. However, surplus milk volumes have been reported as light in much of the Northeast.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4175-1.9075
Cheddar Single Daisies	:	1.3875-1.9125
Cheddar 40# Block	:	1.5625-1.7125
Process 5# Loaf	:	1.5150-1.6650
Process 5# Sliced	:	1.5350-1.7000
Muenster	:	1.6050-1.9750
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady on natural, unsettled on barrels. At the Chicago Mercantile Exchange on November 20, the price of blocks increased 1.50 cents to \$1.4250, but barrels declined 2.25 cents to \$1.3050. The 12 cent barrel/block spread continues to pull milk supplies from barrel production over to blocks/other uses where possible. Overall natural interest remains very good seasonally. Supplemental supplies of Western blocks have been needed to fill orders due to tight local offerings. Barrels are in snug position for some producers while at least a couple others have supplies readily available. Raw and finished product shipments and production schedules were often lighter this week as processor/packagers operate on holiday reduced schedules. Plant milk receipts continue to bounce around near annual low levels. Milk supplies were again tight early in the week, but some loosening of supplies is expected as schools, and their "lunch program" milk needs, are filled just before the holiday.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6600
Brick And/Or Muenster 5#	:	1.6900-1.8825
Cheddar 40# Block	:	1.6750-1.9150
Monterey Jack 10#	:	1.8750-1.9150
Blue 5#	:	2.0275-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Process prices moved lower again while natural continued to increase. Western contacts agree that both price moves were justified. Sales activity is not quite as active as a few weeks ago. Production is lighter than anticipated at most operations. Plants are expecting some additional milk this holiday weekend, but not that much. Finding trucks to haul the product in a timely fashion is a problem.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7475
Cheddar 40# Block	:	1.6075-1.7300
Cheddar 10# Cuts	:	1.7500-1.9475
Monterey Jack 10#	:	1.7150-1.9100
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Domestic prices are generally higher and imported styles are reported as unchanged. The market tone is improving as the holidays approach. Stocks are generally adequate for most needs, but there is tightness on select varieties and/or brands.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7600-2.3700*
Gorgonzola	: 3.2400-5.9400	: 2.4250-2.4950*
Parmesan (Italy)	: TFEWR	: 3.1700-3.2075*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4325-1.9400*
Romano (Cows Milk)	: -0-	: 2.9575-3.2100*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is increasing rather sharply in Florida and other Gulf Coast States. It is steady to increasing in most other sections of the region. Contacts in the Northeast stated that if historical patterns are followed, milk output will begin an upward trend early in December. Fluid milk supplies are still quite tight. Demand for Grade A milk for bottling was very good early in the week, but orders drop off quickly after Tuesday. Schools will be out for various periods of time beginning Tuesday and the school lunch pipelines will be disrupted until the weekend when they are refilled. Retail sales are usually very good prior to Thanksgiving. Florida handlers imported about 76 loads of milk this week. Their milk production still isn't enough to cover all needs. Quite a few loads also continue to move into the Carolinas. Manufacturing schedules are very light early in the week, but expected to increase after midweek. Few Southeastern manufacturing plants are operating and Northeastern plants have plenty of capacity to handle any extra milk that might show up. The condensed skim market is steady and prices are unchanged. The fluid cream market is weaker this week. Offerings are about steady with a week ago, but demand has "come to a screeching halt." Spot prices have dropped as multiples have come down significantly from last week. Egg nog production has stopped in most plants and will probably restart in two - three weeks for the year end holidays. Ice cream production is slower as some plants are down for maintenance and others will only operate through Wednesday. Cream bottlers are actively looking for cream to fill orders. Sour cream and cream cheese production is moderate to heavy. Churning schedules range from halted to heavy. Some producers decided not to make any more butter until prices moderate. Others, who for various reasons are lagging behind on orders, are still making as much as possible.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.9435 - 2.0930
Delivered Equivalent Atlanta	-	2.0183 - 2.2440 M 2.0631-2.0930
F.O.B. Producing Plants: Upper Midwest	-	2.0631 - 2.1528

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9975 - 1.0350
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
NOVEMBER 21 - 25, 1997	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	6

Class I and II demand remains very strong as bottlers prepare anticipated holiday orders. Planned late week retail feature activity is expected to offset, at least partially, the reduced sales caused by schools closing for Thanksgiving. Milk supplies remain tight and a number of loads were shipped intra regionally to help fill needs. Class I premiums vary from around \$2.50 to \$5.00 over, mostly between \$3.00 and \$4.00. Manufacturing milk offerings remain limited before the holiday. During the holiday weekend, early industry reports indicate that offerings may increase, but should be handled with relative ease, since many plants have extra capacity and operators are looking for additional supplies.

Besides the milk shipments reported, 17 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. Another 10 loads were shipped from Wisconsin to Ohio during the holiday abbreviated period, 6 loads to Michigan, and 12 to Missouri. Cream prices remain steady on a limited test. Fat and protein tests are generally higher, improving manufacturing product yields. Plant milk receipts continue to bounce around near the low levels for the year. Traditionally in many upper Midwest states, milk receipts more consistently start to show increases week to week after deer hunting season has been completed. The fall harvest and tillage are nearing completion or stopped until next year. Good quality dairy hay continues tight as well as expensive on a limited test, but can be partially offset by rebalancing the ration.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	NOV 20-24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 36.00	\$ 27.00- 31.50
REPLACEMENT HEIFER CALVES	N. A.	\$100.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	NOV 20-24	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 34.25	\$ 26.75- 33.00

W E S T

October pool receipts of milk in California total 2.24 billion pounds, up 8.7% from last year. Cumulative output for the first ten months of the year totals 21.9 billion pounds, up 10.6% from the same period in 1996. The blend price at a fat test of 3.66% is \$13.38, up \$1.10 from September. The percentage of receipts used in Class 1 products is 25.46%. The October quota price is \$14.22, up \$0.66 from month, but down \$2.35 from last October. The base and overbase price is \$12.52, also \$0.66 higher than last month and \$2.35 lower than a year ago. Milk production is trending seasonally higher in most areas of the Southwest. In New Mexico, output is rebounding from cooler weather conditions several weeks ago that dropped milk output per cow by several pounds. Feed availability is good for most crops with the exception of good quality alfalfa, which remains expensive. Some areas of California are being affected by the drop in temperatures and localized rainfall. However, milk is most often higher than year ago levels. Fluid milk orders were good early in the week, but backing off at mid-week. Cream demand is slowing as supplies of cream-based holiday items are in stores and supply facilities. Class 3 cream prices will increase December 1 in California. Contacts expect production of ice cream to be heavy during the last few days of November before the price increase. Much warmer than normal weather has been common over the Pacific Northwest. Storms are bringing some moisture, mostly in the form of rain. Very little snow is noted at elevation yet with few ski resorts open. Many producers continue to discuss the feed and pay price issues. With cull cow prices as low as they are, there seems to be few really good options. No one is expecting much extra milk to be available due to the holiday. Trucking continues to be a problem for both buyers and sellers. Some relief is possible between the November and December holidays. Temperatures have also warmed in the northern Mountain States region. Milk output continues to decline seasonally. Contacts are not anticipating much additional milk over the long holiday weekend. The solids content on incoming producer milk is improving.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 11/25/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are steady. Demand for low heat production remains weak, but interest in high heat is stronger. Spot activity is fairly active. Some producers have sold the majority of their inventories through the end of the year. Drying times should increase during the holiday week as more surplus milk is available due to school closures. Stocks of low heat are readily available, but high heat supplies are tighter.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.1000 MOSTLY: 1.0450 - 1.0600

DRY BUTTERMILK - CENTRAL

The price range is lower and the market tone continues to show weakness. Overall demand is generally slow. Producer inventories are sufficient for needs. Production levels are lighter as churning schedules have slowed in many plants.

BUTTERMILK: .9400 - .9800

DRY WHEY - CENTRAL

Price ranges are slightly higher and the market tone remains firm. Spot loads are quickly purchased when offered. Producers' stocks remain limited, but resale offerings are increasing. A few contacts believe that the market may be leveling off. Buyers are going to the resale market in attempts to satisfy needs. Interest from end-users is less aggressive as they are trying to work off existing inventories. Some buyers continue to bring Western production into the Midwest, which is helping to ease market pressure. Production levels should increase over Thanksgiving as more surplus milk is available for cheese making.

NONHYGROSCOPIC: .3100 - .3425 MOSTLY: .3200 - .3275

ANIMAL FEED WHEY - CENTRAL

Milk replacer, roller ground, and delactose prices are unchanged and nominal. Interest from milk replacer users is seasonally strong. Spot loads of downgraded whey are quickly purchased when offered. Roller ground producers continue to fill contracts. The market tone for delactose is quiet. Buying interest and spot sales are limited. Standard prices are slightly lower on the bottom end of the range and nominal. Sales are mainly for contracted accounts.

MILK REPLACER: .2900 - .3150
STANDARD: .2775 - .3050
ROLLER GROUND: .3250 - .3300
DELACTOSE (Min. 20% protein): .3400 - .3650

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Demand is steady to lighter. Offerings are available from the majority of producers. A few sellers are turning down orders. Most suppliers are filling contracted accounts and spot activity is slower. Quarterly contract prices for the upcoming year are being negotiated.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2000 - .2200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged and the market tone is quieter. Buying interest ranges from steady to improved. Some contacts report an increased number of calls looking for available spot loads. Supplies are reported to be in balance and can be found with some effort. A few producers have turned down orders because they are trying to satisfy contracts and have little extra inventory. Higher premiums have been reported. Production levels are seasonally lower with less manufacturing milk available.

EXTRA GRADE 34% PROTEIN: .5700 - .6200 MOSTLY: .6000 - .6050

NONFAT DRY MILK - WEST

Low/medium heat NDM prices and the market tone are unchanged. Concerns are being expressed about trying to export NDM to Mexico under DEIP. Mexico is in the market, but pricing and bonuses need to be ironed out with parties involved to secure deals. Europe and Canada have made deals with Mexico to export approximately 15,000 MT of NDM. Drying schedules are expected to be higher over the weekend as holiday milk surpluses are available to be processed. Plant capacity is adequate to handle anticipated supplies. Overall, stocks remain higher than industry needs. Last week, CCC net purchases totaled -446,429 pounds with cancellations exceeding purchases. High heat markets are in better balance. Supplies are adequate for current demand. Interest is higher from some seasonal accounts.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0300 - 1.0500
HIGH HEAT: 1.0550 - 1.0875

DRY BUTTERMILK - WEST

Buttermilk prices are unchanged and the market undertone remains weak. The market test was very limited this week due to the Thanksgiving holiday. Limited production schedules of buttermilk users, compounded with trucking problems around a holiday, tend to limit sales. Churning activity is expected to be higher over the holiday as more cream is available. Buttermilk drying could also be higher. Stocks remain in excess of current needs.

BUTTERMILK: .9000 - .9800 MOSTLY: .9300 - .9400

DRY WHEY - WEST

Western whey prices continue to increase fractionally with a firm undertone noted for the market. The scenario of the past few weeks continues to hold. Any offerings are clearing very easily and there are no extra producer stocks available. Contacts believe that prices will hold until some surplus whey hits the market. As closely balanced as the market is, this may take a while. Production is lower than expected at most locations.

NONHYGROSCOPIC: .2700 - .3050 MOSTLY: .2825 - .2950

CALIFORNIA MANUFACTURING PLANTS

California manufacturing plants' data was not available at press time. The information is available on our website and recorded information system. Access information for both can be found on the last page of this report.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are generally unchanged. Production levels have been light early in the week when bottling needs have been very heavy. However, after Wednesday, most contacts expect heavy volumes of milk to be available to butter/powder plants. Producer stocks range from heavy to closely balanced. Continued milk shipments to the Southeast have cut into drying schedules and some producers now report that stocks are in much closer balance. Demand for powder is slow to fair and market activity is typical for a holiday week.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0400 - 1.1400	MOSTLY 1.0500 - 1.0700
DELVD SOUTHEAST:	1.0700 - 1.0850	

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower. The market tone is unchanged and weak. Churning activity is in a wide range of lighter to heavy and production of dry buttermilk is about steady. Producer stocks are closely balanced. Demand is slow to fair, but lower offering prices are hoped to stimulate interest.

F.O.B. NORTHEAST:	.9700 - 1.0000
DELVD SOUTHEAST:	.9700 - 1.0250

DRY WHOLE MILK - NATIONAL

Prices and the market tone are mostly unchanged. Production levels are often lighter, but more milk is expected to be available late this week. Producer stocks are closely balanced with needs. Spot, domestic demand is often centered around LTL volumes. Export interest continues to clear some product. However, there have not been any new DEIP bid acceptances since November 14.

F.O.B. PRODUCING PLANT:	1.3500 - 1.5000
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH NOVEMBER 21, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	59,380	MT (130,909,147 LBS)
CHANGE	--	700	MT (1,543,220 LBS)
WHOLE MILK POWDER	--	3,913	MT (8,626,600 LBS)
CHEESE	--	1,526	MT (3,364,220 LBS)
CHANGE	--	367	MT (809,088 LBS)
BUTTERFAT	--	13,616	MT (30,015,629 LBS)
CHANGE	--	638	MT (1,406,535 LBS)

Allocations for the DEIP year beginning July 1, 1997 are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mixed and the Northeastern prices remain nominal. The market tone is still firm, but most contacts report very little market activity this holiday week. Production levels are generally steady, but many cheese makers expect milk to be more plentiful for several days after midweek. Most producers are still trying to catch up with orders and have little or nothing for immediate spot sale. Most needs are being filled with resale loads. Demand is fair to good and mostly steady.

F.O.B. NORTHEAST:	EXTRA GRADE	.3200 - .3275
	USPH GRADE A	.3450 - .3625
DELVD SOUTHEAST:		.3200 - .3625

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Like other markets, contacts report relatively limited activity this week. Offerings are still very light at the producer level. Demand is fair to occasionally good.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are relatively light as more milk is moving to Class I and II operations this week. However, after Wednesday, producers expect more milk to be available. Demand is seasonally good as retail sales are heavy from mid-November to late December. The Kansas City Commodity office announced the purchase of 1,358,640 pounds of canned evaporated milk under EVD-1, invitation 390 at prices ranging \$.5350 - .5638 per pound for delivery in January 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED TO MAJOR U.S. CITIES	\$22.50 - 33.00
--	-----------------

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Spot trading activity is slow this week as most buyers are able to cover needs with contracted volumes. Stocks are fully sufficient. Prices are unchanged. Contacts report limited information on first quarter quotes and supplies, but most feel that there will be minimal price adjustments and sufficient stocks.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.1700 - 2.2500
ACID:	2.0000 - 2.1000

DAIRY PRODUCT COMMERCIAL USE RISES

Third-quarter commercial use of dairy products posted a sizable rise from a year earlier, following a spring decline. Continued economic growth helped dairy sales shake off some delayed effects of the high 1996 prices. Summer use increased almost 4 percent on a milkfat basis and more than 1 percent on a skim solids basis.

Cheese sales grew 4 percent during July-September. However, summer 1996 use was a little soft, and the 1997 performance to date has been somewhat checkered. Expansion in cheese sales this year probably should be characterized as moderate. Third-quarter butter sales rose about 3 percent but fell considerably short of making up for first-half declines. Higher butter prices have made retail specials less attractive and may have cut into food processor use. Nonfat dry milk use also was higher than a year ago but remained at weaker levels than during most recent years. Fluid milk sales were near a year earlier.

The return to more normal purchasing this year should result in significant year-to-year increases during the current quarter. Dairy product disappearance during October-December 1996 was reduced by users cutting their purchases to the bone in response to rapid wholesale price drops. These sales are expected to help support wholesale prices through the holiday buying season. Total 1997 commercial use is projected to be up more than 1 percent on a milkfat basis, but may only be barely higher on a skim solids basis.

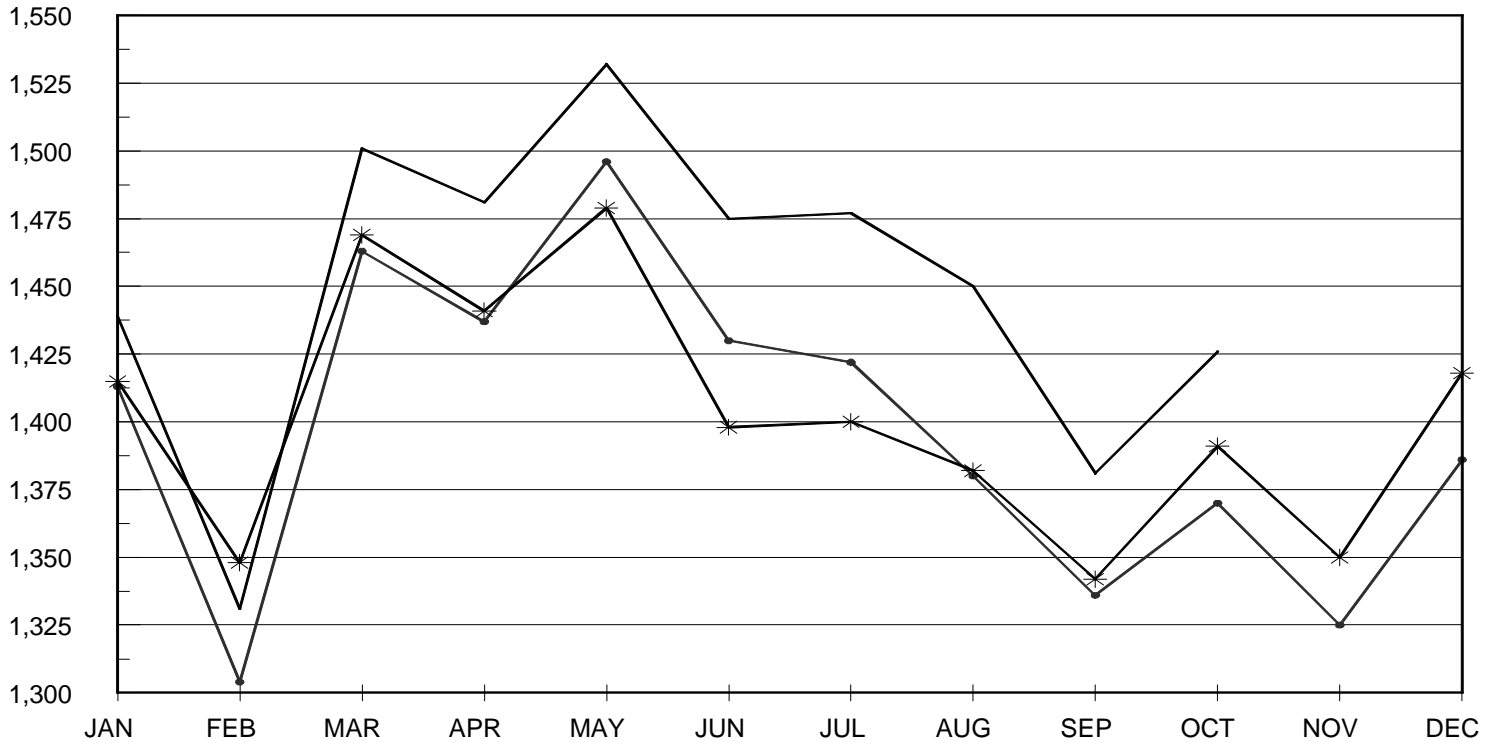
QUARTERLY AND ANNUAL FORECASTS

Item	1997 IV	1998 I	1998 II	ANNUAL	
				1997	1998
<u>Million pounds</u>					
Supply/Demand (mf basis)					
Milk Production	38,300	39,200	40,800	156,859	157,100
Commercial use	39,500	38,800	39,700	157,426	158,300
Net removals	300	300	300	1,065	900
<u>Dollars per cwt.</u>					
Market Prices					
Milk, all at plant	13.80-14.80	13.10-13.70	11.90-12.70	12.90-13.70	12.70-13.50
Milk, Basic Formula Price	12.40-13.40	11.60-12.10	10.70-11.50	11.60-12.40	11.60-12.40

Source: "Livestock, Dairy, and Poultry Monthly", LDP-M-47, November 19, 1997, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 694-5184 or <JTMILLER@econ.ag.gov>.

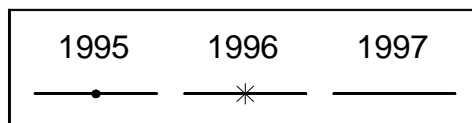
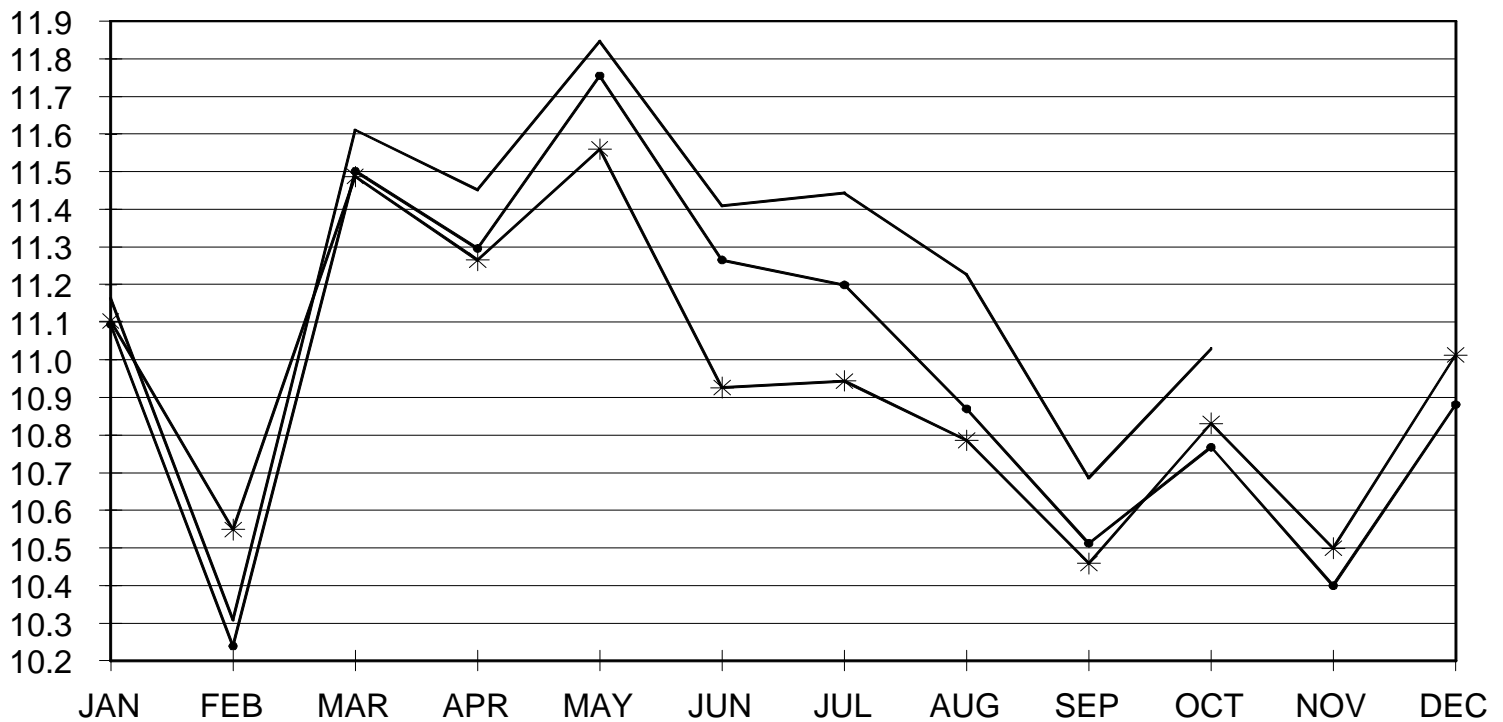
MILK PRODUCTION PER COW

POUNDS



MILK PRODUCTION - 20 MAJOR STATES

BILLION POUNDS



NASS DATA, GRAPH BY DAIRY MARKET NEWS
 FEB 1996 CONTAINS 29 DAYS

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

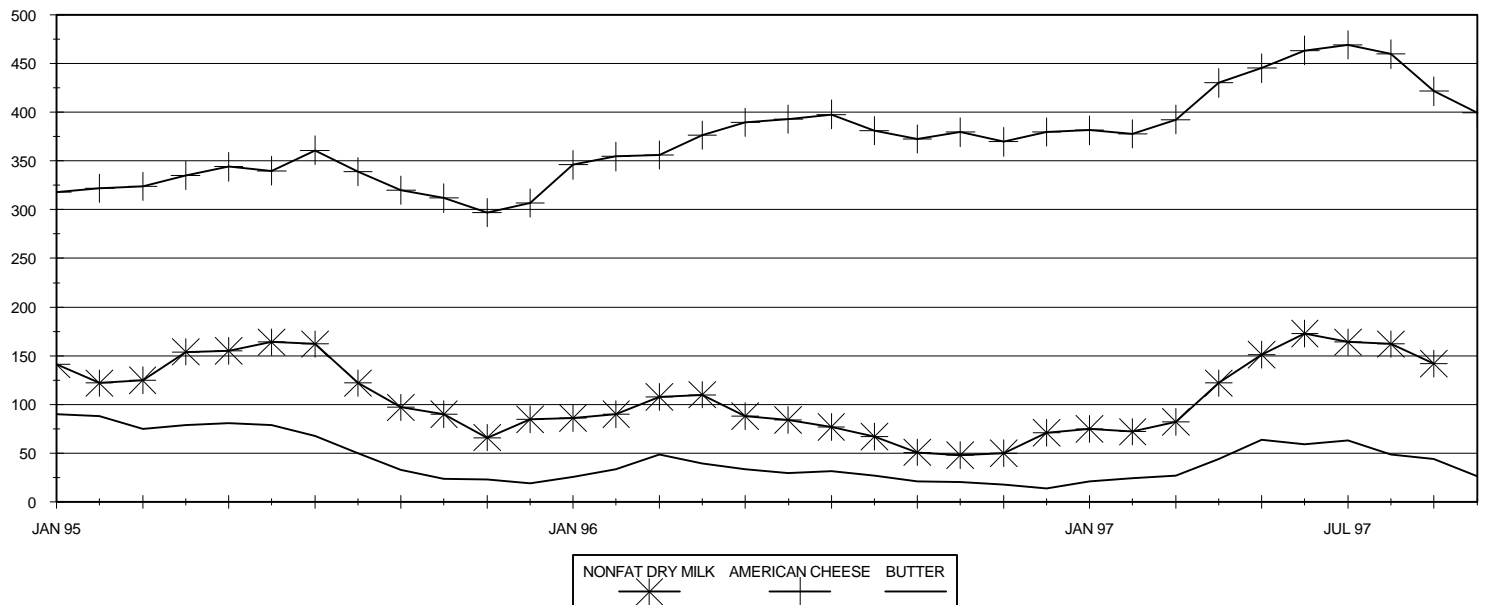
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	SEP 30, 1995	SEP 30, 1996	REVISED SEP 30, 1997	OCT 31, 1995	OCT 31, 1996	OCT 31, 1997
Cream	1,542	1,171	---	1,494	1,172	---
Butter	32,820	21,431	43,936	23,607	20,545	26,442
Evap. & Cond. Milk	2,052	785	---	2,734	1,117	---
Cheese, Natural American	320,088	372,555	421,531	312,409	379,471	399,285
Cheese, Swiss	7,215	12,701	11,040	7,517	11,987	11,579
Cheese, Other Natural	101,243	110,545	98,606	98,809	103,169	77,912
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	8,075	546	499	5,228	277	392
Natural American Cheese	250	190	257	146	176	59

OCTOBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
New England	11,451	14,414	21,854	2,501	2,396	3,012	141	127	145
Middle Atlantic	38,547	36,348	38,915	4,455	2,055	1,966	10,582	9,495	11,277
East North Central	168,271	216,153	216,455	2,656	4,978	11,612	79,845	81,655	53,290
West North Central	56,171	59,590	60,163	4,456	3,202	2,828	1,832	1,873	3,696
South Atlantic	271	305	263	1,056	268	103	1,244	5,136	3,934
East South Central	168	181	200	573	353	59	4,067	2,804	1,973
West South Central	276	264	1,075	4,137	2,143	1,113	54	291	67
Mountain	16,748	16,691	15,969	1,077	383	373	355	543	771
Pacific	20,506	35,525	44,391	2,696	4,767	5,376	689	1,245	2,759
TOTAL	312,409	379,471	399,285	23,607	20,545	26,442	98,809	103,169	77,912

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS 1995 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1996 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Million Pounds						Million Pounds						Million Pounds					
January	21	25	21	22	<u>3/</u>	3	382	346	381	346	<u>3/</u>	<u>3/</u>	75	86	75	72	<u>3/</u>	14
February	24	34	24	30	<u>3/</u>	4	378	355	378	354	<u>3/</u>	<u>3/</u>	72	90	72	80	<u>3/</u>	10
March	27	49	26	47	<u>3/</u>	1	392	356	392	356	<u>3/</u>	<u>3/</u>	82	108	81	98	<u>3/</u>	10
April	44	40	42	37	2	3	430	377	430	377	<u>3/</u>	<u>3/</u>	122	110	121	100	<u>3/</u>	10
May	64	34	62	33	2	1	445	390	445	390	<u>3/</u>	<u>3/</u>	151	88	151	86	<u>3/</u>	1
June	60	30	59	29	1	1	463	393	463	393	<u>3/</u>	<u>3/</u>	173	84	173	82	<u>3/</u>	1
July	63	32	62	31	1	1	469	398	469	398	<u>3/</u>	<u>3/</u>	164	77	161	77	3	<u>3/</u>
August	49	27	48	26	1	1	459	381	459	381	<u>3/</u>	<u>3/</u>	162	67	156	66	5	<u>3/</u>
September	44	21	43	21	<u>3/</u>	1	422	373	421	372	<u>3/</u>	<u>3/</u>	142	51	134	50	8	<u>3/</u>
October	26	21	26	20	<u>3/</u>	<u>3/</u>	399	379	399	379	<u>3/</u>	<u>3/</u>		48		47		<u>3/</u>
November		18		17	<u>3/</u>			370		370	<u>3/</u>			50		49		<u>3/</u>
December		14		13	<u>3/</u>			380		380	<u>3/</u>			71		71		<u>3/</u>

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Sep 30, 1995	Sep 30, 1996	Sep 30, 1997	Oct 31, 1995	Oct 31, 1996	Oct 31, 1997
	Thousand Pounds					
Butter	24,745	20,885	43,437	18,379	20,268	26,050
Natural American Cheese	319,838	372,365	421,274	312,263	379,295	399,226

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (11-97) and "Dairy Products," Da 2-6 (11-97), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF NOVEMBER 24 - 25, 1997				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD					
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	11/21/97	LAST YEAR					
BUTTER												
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE												
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK												
Nonfortified	-0-	-0-	-0-	-0-	856,393	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	856,393	-0-	-0-	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF NOVEMBER 24 - 25, 1997 =	0.0	0.0	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.2	10.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - NOVEMBER 25, 1997 =	24.8	400.4	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT						
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	746,218	-0-	87.1	0.0	0.0	0.0
EAST	-0-	-0-	-0-	-0-	110,175	-0-	12.9	0.0	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	856,393	-0-	100.0	0.0	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 11/08/97 & Comparable Week 1996 (1/ 2/)

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
1997-Dairy cows HD (000)	0.3	1.8	---	13.4	28.1	2.8	3.9	0.9	8.6	2.9	62.8	2,496.4
1996-Dairy cows HD (000)	0.5	1.6	---	15.1	28.8	2.8	3.9	1.1	9.7	2.4	65.8	2,586.2
1997-All cows HD (000)	0.4	1.9	---	28.9	39.3	23.2	23.7	10.8	12.2	8.9	149.2	5,468.9
1996-All cows HD (000)	0.5	1.7	---	32.1	40.0	27.7	24.8	14.0	14.9	8.0	163.8	6,010.7

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 11/21/97

CHEESE	<u>JANUARY DELIVERY</u>	
PROCESS		
2# LOAVES	594,000	\$1.4295-1.4645
5# LOAVES	2,613,600	\$1.2695-1.3795
SLICED	1,623,600	\$1.2945-1.3776
MOZZARELLA	1,290,240	\$1.3620-1.4280
LITE	201,600	\$1.4310-1.4540
LITE, SHREDDED	320,560	\$1.5280-1.5410
NATURAL AMERICAN		
CUTS	239,700	\$1.6650
SHREDDED	153,600	\$1.5700-1.5965
REDUCED FAT-BLOCKS	39,951	\$1.7300
REDUCED FAT-CUTS	279,650	\$1.8200-1.8700
REDUCED FAT-SHREDDED	307,200	\$1.7900-1.8300

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 20,975,963

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83		